

Message Text

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ACTION EA-10

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SUBJECT: ROC'S TRADE FOR FIRST QUARTER 1975

1. SUMMARY: TOTAL ROC TRADE DURING FIRST QUARTER 1975 AMOUNTED TO US\$2.54 BILLION ON CUSTOMS BASIS AND \$2.3 BILLION ON PAYMENTS BASIS. FORMER REPRESENTS 8.8 PERCENT DROP AND LATTER 31.8 PERCENT DROP FROM SAME PERIOD 1974. ON CUSTOMS BASIS, ROC EXPERIENCED TRADE DEFICIT OF \$190 MILLION VERSUS \$226 MILLION SURPLUS ON PAYMENTS BASIS. ROC EXPERIENCED TRADE DEFICIT OF \$23 MILLION WITH US ON CUSTOMS BASIS, A REVERSAL OF RECENT TRENDS, AND US PRODUCTS CAPTURED 31.5 PERCENT OF ROC MARKET, SURPASSING JAPAN (FOR FIRST TIME SINCE 1963), WHICH HAD ONLY 28.8 PERCENT OF TOTAL IMPORTS. END SUMMARY.

2. CUSTOMS TRADE STATISTICS FOR FIRST QUARTER 1975 REGISTERED TOTAL TRADE OF US\$2.54 BILLION SHOWING A DECREASE OF 8.8 PERCENT COMPARED WITH SAME PERIOD 1974 PARTLY DUE TO PRICE DECLINE. EXPORTS TOTALLED UNCLASSIFIED

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US\$1.18 BILLION AND IMPORTS US\$1.37 BILLION, RESULTING

IN DEFICIT OF US\$0.19 BILLION. THESE FIGURES COMPARED WITH EXPORTS OF US\$1.42 BILLION AND IMPORTS OF US\$1.36 BILLION CLEARED THROUGH CUSTOMS IN SAME PERIOD 1974.

3. EXPORTS AND IMPORTS IN MARCH 1975 OF US\$438 MILLION AND US\$157 MILLION SHOWED CONSIDERABLE INCREASE OVER LOW FEBRUARY RECORD OF US\$331 MILLION AND US\$386 MILLION, RESPECTIVELY. LATTER LOW PERFORMANCE PROBABLY CAUSED BY EXTENDED HOLIDAYS IN LUNAR NEW YEAR.

4. IN EXPORT COMPOSITION OF FIRST QUARTER, AGRICULTURAL GOODS SHARED A LOW 4.9 PERCENT OF TOTAL EXPORTS IN 1974 AND 1975, PROCESSED AGRICULTURAL PRODUCTS ROSE TO 18.4 PERCENT IN CURRENT YEAR FROM 8.8 PERCENT LAST YEAR DUE TO HIGHER SUGAR PRICES, AND INDUSTRIAL PRODUCTS WENT DOWN TO 76.7 PERCENT FROM 86.3 PERCENT LAST YEAR. IN IMPORTS, RAW MATERIALS DROPPED TO 59.1 PERCENT OF THE TOTAL FROM 66.8 PERCENT LAST YEAR WHILE CAPITAL GOODS AND CONSUMER ITEMS INCREASED THEIR RELATIVE WEIGHTS TO 32.5 PERCENT AND 8.4 PERCENT RESPECTIVELY, FROM 28.4 PERCENT AND 4.8 PERCENT. FORMER IS PROBABLY RELATED TO HEAVIER ARRIVALS OF CAPITAL GOODS ORDERED FOR 10 MAJOR PROJECTS, WHILE LATTER IS REFLECTED IN MORE IMPORTS OF MEAT AND OTHER FOOD ITEMS (FOOD AND TABACCO TOTALLED US\$45 MILLION IN FIRST QUARTER 1975 AND US\$19 MILLION IN SAME PERIOD 1974.)

5. TRADE WITH US CONTINUED TO SHOW FAVORABLE BALANCE (TO US) SINCE JANUARY. EXPORTS TO US IN FIRST QUARTER AMOUNTED TO US\$377 MILLION AND IMPORTS FROM US, US\$430 MILLION. THESE FIGURES COMPARED WITH US\$475 MILLION AND US\$364 MILLION RESPECTIVELY IN SAME PERIOD 1974. EXPORTS TO US AS PERCENT OF TOTAL EXPORTS DECLINED TO 32.0 PERCENT IN FIRST QUARTER 1975 FROM 33.4 PERCENT SAME PERIOD 1974; IMPORTS FROM US ROSE TO 31.5 PERCENT THIS YEAR FROM 26.7 PERCENT LAST YEAR.

6. US\$394 MILLION IMPORTS FROM JAPAN IN FIRST QUARTER 1975 REPRESENTED 28.8 PERCENT OF TOTAL IMPORTS AND LAGGED BEHIND US FOR FIRST TIME SINCE 1963.

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7. CENTRAL BANK FOREIGN EXCHANGE SETTLEMENTS DATA (INCLUDING LICENSES OF BOTH EXPORTS AND IMPORTS ISSUED UNDER DEFERRED CREDIT ARRANGEMENT) FOR FIRST QUARTER 1975 SHOWED TOTAL TRADE US\$2.3 BILLION DOWN BY 31.8 PERCENT FROM LAST YEAR. EXPORTS TOTALLED US\$1.26 BILLION AND IMPORTS, US\$1.04 BILLION, DOWN BY 8.6 PERCENT AND 47.9 PERCENT, RESPECTIVELY, FROM SAME

QUARTER 1974. TRADE BALANCE WAS IN FAVOR OF TAIWAN IN AMOUNT OF US\$226 MILLION. DETAILS OF THE LATTER SERIES AVAILABLE AT A LATER DATE.

8. COMMENT: WHILE CONFLICTING RESULTS WHICH APPEAR BETWEEN CUSTOMS DATA SHOWING A TRADE DEFICIT FOR FIRST QUARTER AND PAYMENTS DATA SHOWING TRADE SURPLUS IS CONFUSING AT FIRST GLANCE, MATTER IS RESOLVED SOMEWHAT BY CONSIDERING MAJOR PORTION OF DIFFERENCE RESULTS FROM TIMING DIFFERENCE. PAYMENTS DATA LEADS DELIVERIES AND SHIPMENTS BY TWO OR THREE MONTHS, THUS SERVING AS LEADING INDICATOR FOR WHAT WILL PROBABLY SHOW UP SEVERAL MONTHS HENCE IN CUSTOMS DATA. THUS VERY SIGNIFICANT DROP IN IMPORTS DURING FIRST QUARTER ON BASIS PAYMENTS DATA BY 48 PERCENT PRESAGES DROP IN ACTUAL ARRIVALS BY SUMMER TIME. THIS, COMBINED WITH BETTER PERFORMANCE OF EXPORTS IN PAYMENTS DATA (DROP OF ONLY 8.6 PERCENT FROM PREVIOUS YEAR) THAN IN CUSTOMS FIGURES (DROP OF 17 PERCENT) GIVES HOPE THAT DOWNWARD TREND IN EXPORTS IS CLOSE TO TURN AROUND. BY MID-YEAR TRADE PERFORMANCE MAY BE POSITIVE IN BOTH SERIES IF PRESENT TRENDS CONTINUE.
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